August 15. 1995

Post-It" Fax Note 7671 | Date | # of pages ▶ 5

To Mike/Lori	From Z-man
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TO: Mr. W. S. Lindquist
Ms. S. H. Douglas
Mr. R. K. Phelan

FROM: Lynn G. Dube

SUBJECT: SALEM PREFERRED PERFORMANCE -- June, 1995

Although this memo and the attached table focus on most recent month-to-month performance/diagnostics for SALEM/Preferred in Chicago (DTS 4/3/95), Long Island (DTS 11/21/94), and the Military (DTS 11/1/94), trend graphs for SOM/SOFP for all markets from January forward are attached. *Note that, for Long Island and Chicago, back period data will adjust as each additional month is added to the sample, based on most recent month static sample composition.* In addition, due to Preferred's stable SOM in commissaries, the Military market will be dropped from this monthly report beginning with July data but can still be read on an as needed basis.

CHICAGO

SALEM Preferred gained another 0.1 SOM/SOFP, to post a 0.37 SOM/0.44 SOFP for its third month post DTS in Chicago. This performance remains about 0.1 share point lower than Preferred achieved during month 3 in Long Island. Likely a significant factor in its performance, Preferred's distribution (based on MARLIN %CIV Selling) remained relatively flat at 57% and is low compared to Long Island's 82% at month 3. Out-of-stocks may still be an issue due to the transition to the "no car stock" sales policy. Expectedly, promoted volume was down (from 31% to 18%) as was promotion coverage (from 15% to 10% CIV) month-to-month, as remaining BSGSF's sold through.

Preferred's share trend coupled with larger gains for the balance of the family resulted in strong total SALEM performance of +0.43 SOM/+0.59 SOFP for the month of June. PM's recall apparently benefited all three key menthol brands, since Newport and Kool also showed unusually substantial share gains in Chicago during June (+0.44 and +0.17 SOFP, respectively).

LONG ISLAND

SALEM Preferred's share remained flat month-to-month, posting a 0.34 SOM/0.39 SOFP for Month 7. Share performance for the last two months is down relative to a peak of 0.46 SOM in February (month 3). Reflecting waning support, MARLIN distribution based on %CIV Selling was down to 46% from 53%, promoted volume was relatively flat at 23% (15% PV = buysomes remaining), and promotion coverage was down modestly (to 9% from 14%).

The balance of the SALEM family, and hence total SALEM, also demonstrated flat performance from May to June. Except for Newport (which grew by +0.4 SOFP), all key FP menthol competitors were soft month-to-month.

MILITARY

SALEM Preferred's SOM performance was flat for the seventh consecutive month, most recently posting 0.23 SOM/0.58 SOFP (month 8 post DTS). Share of price tier fluctuations for both Preferred and the balance of the SALEM family have been due solely to Industry Full Price strength/softness for any given month.

Source: https://www.industrydocuments.ucsf.edu/docs/ttby0000

OUTLOOK

Given current levels of support and the benefit of increased distribution/awareness in Chicago, it appears likely that SALEM Preferred's overall potential will hover around a 0.40 SOM. Anticipating reduced effect of the PM recall on RJR brands' performance coupled with continuing education of retailers regarding the "no car stock" policy (which should enhance distribution in Chicago), performance in July will be more indicative of the longer-term Preferred opportunity. July results are expected during the week of 9/11/95.

Please advise with questions or if you need further information.

Lynn G. Dube
BUSINESS INFORMATION AND ANALYSIS

Attachments

cc: Ms. L. J. Beasley
Mr. E. J. Fackelman
Mr. D. H. Murphy
Ms. P. S. Cohen
Mr. J. C. Kennedy
Mr. S. J. Zitta
Mr. F. G. Petto
Mr. P. D. Phillips

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Source: https://www.industrydocuments.ucsf.edu/docs/ttby0000

SALEM PREFERRED PERFORMANCE

	SALEM PREFERRED			SALEM ex. PREFERRED			Total SALEM		
CHICAGO	May	June	Change	May	June	Change	May	June	Change
SOM[1]	0.27	0.37	+0.10	4.58	4.92	+0.34	4.85	5.28	+0.43
SOFP[1]	0.32	0.44	+0.12	5.55	6.02	+0.47	5.87	6.46	+0.59
MARLIN %CIV Selling	54	57	+3	99	100				
Promoted Volume, %	31	18	-13	9	4	-5			
Promotion Coverage, %	15	10	-5	13	6	-7			
LONG ISLAND									
SOM[1]	0.32	0.34	+0.02	4.00	3.99	-0.01	4.32	4.32	0
SOFP[1]	0.37	0.39	+0.02	4.45	4.42	-0.03	4.82	4.82	0
MARLIN %CIV Selling	53	46	-7	100	98				
Promoted Volume, %	20	23	+3	1	8	+7			
Promotion Coverage, %	14	9	-5	5	9	+4			
MILITARY									
SOM[1]	0.23	0.23	0	2.50	2.52	+0.02	2.73	2.75	+0.02
SOFP[1]	0.56	0.58	+0.02	6.12	6.33	+0.21	6.69	6.91	+0.22

[1] SOM/SOFP trend charts attached. Trends for Long Island and Chicago reflect revised static samples each month.

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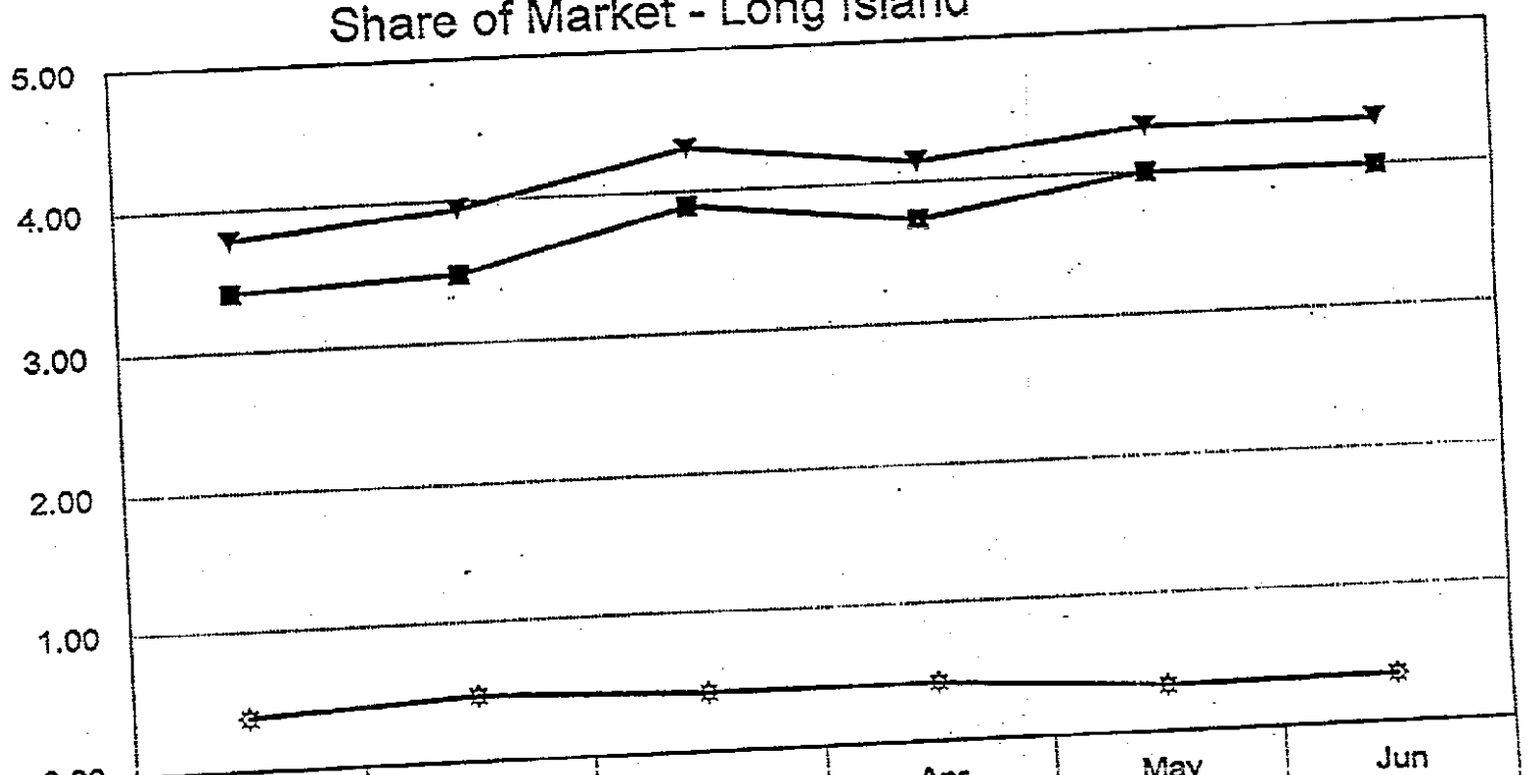
Source: https://www.industrydocuments.ucsf.edu/docs/ttby0000

Salem Performance

Share of Market - Long Island



	Jan	Feb	Mar	Apr	May	Jun
Salem Preferred	0.37	0.46	0.41	0.41	0.32	0.34
Salem xPreferred	3.41	3.48	3.89	3.73	4.00	3.99
Total Salem	3.78	3.94	4.30	4.14	4.32	4.32

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To 3.99 in June
[illegible]

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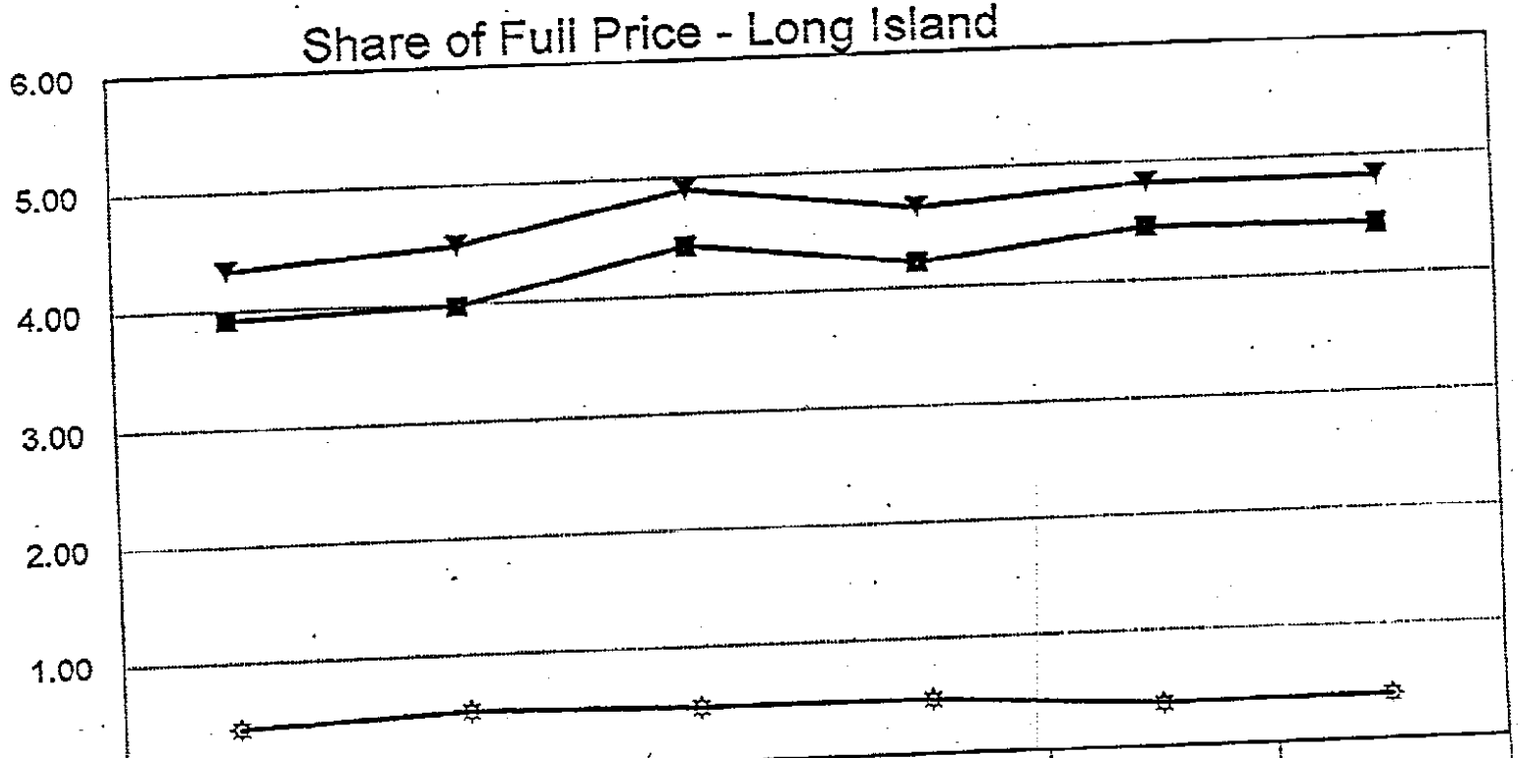
Source: https://www.industrydocuments.ucsf.edu/docs/ttby0000

Salem Performance

Share of Full Price - Long Island



	Jan	Feb	Mar	Apr	May	Jun
Salem Preferred	0.42	0.51	0.47	0.47	0.37	0.39
Salem xPreferred	3.92	3.98	4:42	4.22	4.45	4.42
Total Salem	4.34	4.49	4.89	4.68	4.82	4.82

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